

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA**

**FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011**

# Financial Report



For the Year Ended  
December 31, 2011

Judicial Expense Fund for the  
Civil District Court for the  
Parish of Orleans, State of Louisiana

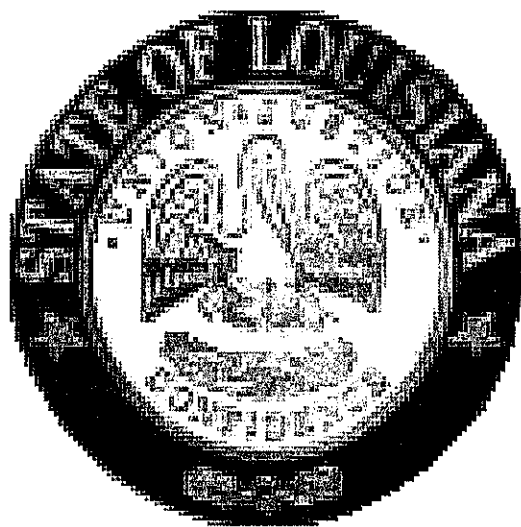
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## INTRODUCTORY SECTION



# Judicial Expense Fund

320 Civil Courts Building

421 Poydras Ave.

New Orleans, La. 70112

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Fax (504) 582-9279

June 8, 2012

To: Chief Piper Griffin  
The Judges *En Banc* of the Judicial Expense Fund  
The Supreme Court of the State of Louisiana  
Citizens of the Parish of Orleans and the State of Louisiana

It is my privilege to present the Annual Financial Report on the financial condition of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, also including First and Second City Courts, (the Judicial Expense Fund), for the fiscal year-ended December 31, 2011. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514.

The Judges *En Banc* of the Judicial Expense Fund are responsible for the accuracy, completeness and fair presentation of the data, representations, and disclosures presented in the report. To the best of my knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations, and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the Judicial Expense Fund.

GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page 11 immediately following the independent auditor's report, and should be read in conjunction with it.

## Independent Audit

These financial statements have been audited by the firm of Bruno and Tervalon LLP, Certified Public Accountants, located in New Orleans, Louisiana. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal year ended December 31, 2011 is free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and

disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The financial statements of the Judicial Expense Fund for the year ended December 31, 2011 are fairly presented in accordance with GAAP. The independent auditor's report is the first component of the financial section of this report.

### **Accounting Control**

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the Judicial Expense Fund adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

### **Profile of the Judicial Expense Fund**

The Louisiana State Constitution of 1879 created the Judicial Expense Fund, which includes a district court (Orleans Parish Civil District Court); two city courts (First City Court and Second City Court of New Orleans); and two city offices (the Recorder of Mortgages and the Register of Conveyances of New Orleans). Act 621 of the Louisiana Legislature was Signed by the governor on June 23, 2006. As a result of this legislation the composition of the fund has changed. Effective January 1, 2009, the Recorder of Mortgages and the Register of Conveyances became divisions of the Clerk of Civil District Court's Operations and are no longer a part of the Judicial Expense Fund. Management's Discussion and Analysis includes a description of the financial reporting entity, and Note 1 explains the significant accounting policies.

The Judicial Expense Fund has only one fund, a General Fund. Revenues are comprised primarily of filing fees paid by attorneys and litigants. The Judicial Expense Fund is completely self-funded and does not receive tax revenue of any type. At December 31, 2011, the Judicial Expense Fund did not have any debt, and all of the Fund Balance is unreserved.

As the Organizational Chart on page 6 shows, the fourteen judges of Civil District Court, the three judges of First City Court, and the judge of Second City Court form the Judges *En Banc*, which is charged with managing the Judicial Expense Fund in accordance with Louisiana Revised Statutes, Title 13, and Section 1312. The names of these principal officials can be found on page 5 following this letter. All eighteen judges are elected for six-year terms. Judge Rosemary Ledet, Division B, resigned effective December 31, 2011. She will be replaced effective January 1, 2012 by Judge Regina Bartholomew. Judge Madeline Landrieu, Division E also resigned effective December 31, 2011. She will be replaced by Judge Clare Jupiter effective

January 1, 2012. Judge Herbert Cade Division K also resigned effective December 31, 2011. He will be replaced by Judge Bernadette D'Souza effective March 1, 2012. The terms of the 11 other judges of Civil District Court expire on December 31, 2014; the terms of the three First City Court judges expire on December 31, 2016; and the term of the Second City Court judge expires on December 31, 2014.

The Judges *En Banc* at a public meeting on December 7, 2010, adopted a budget for the fiscal year ending December 31, 2011. In accordance with Louisiana Revised Statutes, Title 39, section 1305 the budget is prepared by function and character. Management's Discussion and Analysis compares the budget with actual results and discusses the reasons for the major variances. The budget-to-actual financial statement appears as part of the basic financial statements.

### **Factors Affecting Financial Condition**

On August 29, 2005, the City of New Orleans was devastated by Hurricane Katrina. Operations of the Judicial Expense Fund The population of New Orleans is less than it was prior to the storm, however the level of legal cases and real estate filings has returned to near pre-storm levels.

One major impact of Act 621 is the creation of the Clerk's Salary Fund which is funded by part of the filing fees collected by the Clerk of Civil District Court. This Act has also significantly changed the component units of the Judicial Expense Fund. This has resulted in great change to the revenue and expenses of the fund.

### **Capital Improvement Projects**

The Judicial Expense Fund intends to upgrade components of the Computer Information System. There are no other capital improvement projects in progress.

### **Investments**

Currently, idle funds are invested only in two money market accounts. Note 2 describes the risks associated with these invested funds.

### **Risk Management**

The Judges *En Banc* manage the Judicial Expense Fund's risks by purchasing commercial insurance policies, including coverage for general liability, property, crime, errors and omissions,



professional liability, and workers compensation. Please see Note 7 for information on when liabilities are recorded in the financial statements.

### **Pensions**

As is described in detail in Note 3, employees of the Judicial Expense Fund participate in one of three multiple-employer defined benefit retirement plans, depending on the employee's job. The Judicial Expense Fund does not guarantee the benefits issued by any of these three pension plans. The employer contribution rates for all three pensions increased in 2011. Note 3 contains additional pension information, including employer and employee contribution rates for 2011.

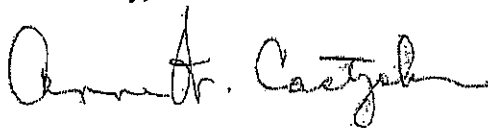
### **Postemployment Benefits**

In June, 2004 the GASB issued Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Judicial Expense Fund implemented this Statement in 2004, four years earlier than the required implementation date. Note 11 provides greater detail about postemployment benefits and the actuary's report.

### **Acknowledgments**

I express my appreciation to Traci Dias, Judicial Administrator, the Judges *En Banc*, Parochial Officials and their respective staff members for their support in preparing this report. I would also like to thank the staff of the Judicial Expense Fund for their hard work and contributions.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne W. Castjohn". The signature is fluid and cursive, with a large initial "A" and "C".

Anne W. Castjohn, CPA, CGFM, MPA  
Chief Accountant

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**PRINCIPAL OFFICIALS**

*2011 JUDGES EN BANC*

<u>Judge's Name</u>	<u>Court</u>	<u>Division</u>
Tiffany Chase	Civil District Court	A
Rosemary Ledet	Civil District Court	B(1)
Sidney H. Cates, IV	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Madeleine M. Landrieu	Civil District Court	E(2)
Christopher Bruno	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bagneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Paula Brown	Civil District Court	J
Herbert A. Cade	Civil District Court	K(3)
Kern A. Reese	Civil District Court	L
Paulette R. Irons	Civil District Court	M
Ethel Simms Julien	Civil District Court	N

		<u>Section</u>
Monique G. Morial	First City Court	A
Angelique A. Reed	First City Court	B
Veronica Henry	First City Court	C
Mary "KK" Norman	Second City Court	

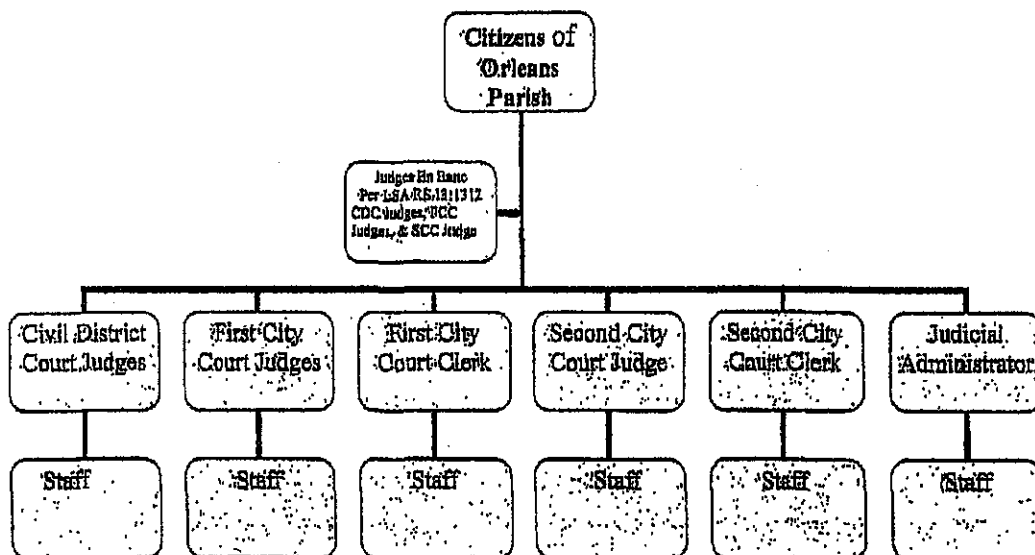
**2011 PAROCHIAL OFFICIALS**

<u>Name</u>	<u>Office</u>
Ellen M. Hazeur	Clerk of First City Court
Martin L. Broussard, Jr.	Clerk of Second City Court

- (1) On January 1, 2012, Judge Ledet was replaced by Judge Regina Bartholomew.
- (2) On January 1, 2012, Judge Landrieu was replaced by Judge Clare Jupiter
- (3) On December 31, 2011, Judge Cade resigned from Section K and on March 1, 2012 was replaced by Judge Bernadette D'Souza

Judicial Expense Fund for Civil District Court, Parish of Orleans

Organizational Chart.



## FINANCIAL SECTION





Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  

---

(Retired)  
Michael B. Bruno, CPA (2011)

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans**  
**also including First and Second City Courts,**  
**for the City of New Orleans**  
New Orleans, Louisiana

We have audited the accompanying financial statements of the governmental activities and fund financial statements as listed in the Table of Contents of **the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the year ended December 31, 2011. The governmental activities and fund financial statements are the responsibility of **the Judicial Expense Fund's** management. Our responsibility is to express an opinion on the governmental activities and fund financial statements based on our audit.

We did not audit the financial statements of the Clerk of Civil District Court for the Parish of Orleans for 2011, Clerk of the First and Second City Courts of the City of New Orleans for 2011, whose fiscal operations, pursuant to LSA-R.S. 13.1312, are managed by **the Judicial Expense Fund**. Those statements for the Clerks of the First and Second City Courts reflect total assets of \$835,661 and revenues of \$365,661 as of and for the year ended December 31, 2011.

Total assets for the Clerk of Civil District Court for the Parish of Orleans for 2011 was \$30,339,517. Revenue was \$536,606 for the year then ended December 31, 2011.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
for the City of New Orleans**  
New Orleans, Louisiana

Those statements were audited by other auditors whose reports have been furnished to us, our opinion, insofar as it relates to the amounts included for the Clerk of Civil District Court for the Parish of Orleans, Clerks of First and Second City Courts of the City of New Orleans is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the governmental activities and fund financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the governmental activities and fund financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall governmental activities and fund financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the**  
**Civil District Court for the Parish of Orleans**  
also including **First and Second City Courts,**  
for the **City of New Orleans**  
New Orleans, Louisiana

In our opinion, based on our audit and the reports of the other auditors, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **the Judicial Expense Fund** as of December 31, 2011 and the changes in financial position of those activities and fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2012 on our consideration of **the Judicial Expense Fund's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the governmental activities and fund financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the**  
**Civil District Court for the Parish of Orleans**  
**also including First and Second City Courts,**  
**for the City of New Orleans**  
New Orleans, Louisiana

Also, the accompanying information identified as Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the governmental activities and fund financial statements of **the Judicial Expense Fund**. Such information has been subjected to the auditing procedures applied in the audit of the governmental activities and fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the governmental activities and fund financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 8, 2012



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **Introduction to the Two Types of Financial Statements**

This section of the **Judicial Expense Fund's** annual financial report, presents management's discussion and analysis of its performance as of and for the year ended December 31, 2011.

**The Judicial Expense Fund** has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a specific-purpose government. The fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, show the results of operations and financial position using the *current financial resources* measurement focus and the *modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Assets and Statement of Activities), show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual* basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

The difference in *measurement focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund* statements are concerned with only *current* financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statements; *government-wide* financial statements *include* noncurrent assets and liabilities and their related expenses. For **the Judicial Expense Fund** at the *fund level*, the full purchase price of capital assets, net of retirements (\$123,684 in 2011 and \$59,641 in 2010) has been recorded as *expenditures* on the operating statement in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the *government-wide* statements focus on *total* economic resources, capital assets are shown as noncurrent assets on the Statement of Net Assets (with their related accumulated depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund-level Balance Sheet excludes noncurrent liabilities (\$623,651 in 2011 and \$741,533 in 2010), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect *total* economic resources, although not *current* financial resources.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Introduction to the Two Types of Financial Statements, Continued**

The second difference between fund and government-wide financial statements is the basis of accounting, or the timing of the recognition of transactions and events. *Fund* statements use the *modified accrual* basis of accounting, which recognizes revenues when they are earned, only so long as they are collectible within the fiscal period, and expenditures when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements use the *full accrual* basis of accounting: revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long term. Chart 1 summarizes these differences.

**CHART 1:**

**Overview of Difference in Fund and Government-Wide Financial Statements**

	<u>Fund</u>	<u>Government-Wide</u>
Statement of Position	Balance Sheet	Statement of Net Assets
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement focus	Current financial resources	Total economic resources
Basis of accounting	Modified accrual	Accrual

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**CHART 1:**

**Overview of Difference in Fund and Government-Wide Financial Statements,  
Continued**

	<u>Fund</u>	<u>Government-Wide</u>
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets; depreciation expense for the current fiscal year is recorded in the Statement of Activities; total accumulated depreciation expense is shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred	Shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities
Depreciation expense	Not recorded	Recorded in the Statement of Activities
Accumulated depreciation	Not recorded	Shown on the Statement of Net Assets

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Overview of Difference in Fund and Government-Wide Financial Statements,  
Continued**

The *presentation* of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and *Fund Balance*, with a reconciliation to the net assets figure which appears at the bottom of the government-wide Statement of Net Assets. All assets and liabilities on the Balance Sheet are current. The government-wide Statement of Net Assets shows assets and liabilities, separated into current and noncurrent, and *Net Assets* (the difference between the two). All of the **Judicial Expense Fund's** net assets except for the amount invested in capital assets are unrestricted.

A significant difference lies in the presentation of the operating statement. The fund Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the *fund balance reconciliation*. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" so it begins with the expenses of each function, followed by *program revenues* (the specific revenues provided by users of the services), to derive at net program revenue (the difference between program revenues and expenses). Reading down the net column, general revenues are added to calculate the change in net assets, which is reconciled to net assets at the end of the year. The four functions of the **Judicial Expense Fund** are (1) the eleven divisions of Civil District Court; (2) three sections of First City Court; (3) Second City Court; and (4) three divisions of Domestic Support. General and administrative costs are allocated to the first three of four functions based on that function's percent of total revenues derived from filing fees.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**How 2011 Compares with 2010 - Statement of Net Assets**

Chart 2 provides condensed information from the Statement of Net Assets for 2011 and 2010.

**CHART 2:  
Statement of Net Assets Comparative Data**

	<u>2011</u>	<u>2010</u>	Variance Increase (Decrease) <u>Amounts</u>	Variance Increase (Decrease) <u>Percent (%)</u>
Capital assets, net	\$ 333,368	\$ 270,567	\$ 62,801	23.2
Other assets	<u>4,243,771</u>	<u>4,475,857</u>	<u>(232,086)</u>	<u>(5.2)</u>
Total assets	<u>4,577,139</u>	<u>4,746,424</u>	<u>(169,285)</u>	<u>(3.6)</u>
Noncurrent liabilities	623,651	741,533	(117,882)	(15.9)
Other liabilities	<u>587,888</u>	<u>663,656</u>	<u>(75,768)</u>	<u>(11.4)</u>
Total liabilities	<u>1,211,539</u>	<u>1,405,189</u>	<u>(193,650)</u>	<u>(13.8)</u>
Total net assets	<u>\$3,365,600</u>	<u>\$3,341,235</u>	<u>\$ 24,365</u>	<u>0.7</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**How 2011 Compares with 2010 - Statement of Net Assets, Continued**

Capital assets increased from 2010 to 2011 because depreciation expense for 2011 \$(147,551) was less than the \$258,829 increase in purchases and retirements of \$86,667. Notes 1 and 4 include details on all of the **Judicial Expense Fund's** capital assets.

The main components of other assets are cash and accounts receivable. **Cash** increased by \$156,673 due to the combination of a lower income and collection on receivables from 2010. Current liabilities decreased due to a decrease in accounts payable, supreme court funds payable, salaries and benefits payable and compensated absences payable.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**How 2011 compares with 2010 - Statement of Activities**

Chart 3 below gives comparative data from the Statement of Activities for the fiscal years ended December 31, 2011 and 2010:

**CHART 3:  
Statement of Activities Comparative Data**

	<u>2011</u>	<u>2010</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Revenues:				
Program revenues	\$6,917,106	\$7,328,302	\$(411,197)	(5.6)
General revenues	<u>1,866,622</u>	<u>1,596,412</u>	<u>270,211</u>	<u>16.9</u>
Total revenues	<u>8,783,728</u>	<u>8,924,714</u>	<u>(140,986)</u>	<u>(1.6)</u>
Expenses:				
Civil District Court	4,716,237	5,005,881	(287,644)	(5.8)
First City Court	2,623,155	2,535,579	87,576	3.5
Second City Court	594,215	583,050	11,165	1.9
Domestic support	<u>825,756</u>	<u>699,451</u>	<u>126,305</u>	<u>18.1</u>
Total expenses	<u>8,759,363</u>	<u>8,823,961</u>	<u>(64,598)</u>	<u>(0.7)</u>
Change in net assets	24,365	100,753	(76,388)	(75.8)
Beginning net assets	<u>3,341,235</u>	<u>3,240,482</u>	<u>100,753</u>	<u>(75.8)</u>
Ending net assets	<u>\$3,365,600</u>	<u>\$3,341,235</u>	<u>\$ 24,365</u>	<u>0.7</u>

Program revenues were lower in 2011 than in 2010 because in 2010 the **Judicial Expense Fund** experienced both rates and volume increase.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Budgetary Comparison**

Chart 4 below shows the amounts for the original budget, final budget, and actual results for 2010 and 2011.

**CHART 4:  
2011 and 2010 Budgetary Comparison Data**

	<u>2011</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	<u>\$9,237,424</u>	<u>\$9,237,424</u>	<u>\$8,783,728</u>
Total revenues	<u>9,237,424</u>	<u>9,237,424</u>	<u>8,783,728</u>
Operating expenditures	8,606,444	8,606,444	8,611,813
Capital expenditures	<u>400,000</u>	<u>400,000</u>	<u>258,828</u>
Total expenditures	<u>9,006,444</u>	<u>9,006,444</u>	<u>8,870,641</u>
Change in fund balance	<u>\$ 230,980</u>	<u>\$ 230,980</u>	<u>\$ (86,913)</u>



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Budgetary Comparison, Continued**

**CHART 4:  
2011 and 2010 Budgetary Comparison Data, Continued**

		<u>2010</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 6,434,032	\$6,434,032	\$ 8,924,713
Other financial sources:			
Fund balance	<u>2,457,116</u>	<u>2,457,116</u>	<u>-0-</u>
Total revenues	<u>8,891,148</u>	<u>8,891,148</u>	<u>8,924,713</u>
Operating expenditures	8,891,148	8,791,148	8,594,241
Capital expenditures	<u>-0-</u>	<u>-0-</u>	<u>59,641</u>
Total expenditures	<u>8,891,148</u>	<u>8,791,148</u>	<u>8,653,882</u>
Change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>270,831</u>

Neither the 2011 or the 2010 budgets were amended.

Actual results differed from the final budget in both years. This was due in part to an inter-governmental agency revenue agreement, an increase in fees and increased volume of activity. Actual expenses were lower than budgeted due to the cost saving measures implemented by the Judges *En Banc*.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Overall Analysis**

Operations in 2011 increased net assets by \$24,365. The measures taken by the Judges *En Banc* are currently allowing the court to operate at a sustainable level.

**Significant Events**

**The Judicial Expense Fund** does not have any infrastructure assets, nor does it have any long-term debt other than a small lease and a retirement escrow which are discussed in NOTE 1. Since **the Judicial Expense Fund** has only one fund, the General Fund, no fund analysis is necessary as this entire discussion pertains to this single general fund.

**Requests for Information**

This financial report is designated to provide a general overview of the finances of **the Judicial Expense Fund** for all those interested in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to **the Judicial Expense Fund**, 421 Loyola Avenue, Room 320, New Orleans, LA 70112.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

---

**ASSETS**

Current Assets:

Cash and temporary cash investments (NOTE 2)	\$2,591,646
Accounts receivable	256,802
Clerk of CDC Benefit Fund receivable	79,338
Clerk of CDC Salary Fund receivable	1,064,657
Interest receivable (NOTE 6)	169,729
Prepaid items	<u>81,599</u>

Total current assets	<u>4,243,771</u>
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Noncurrent Assets:

Capital assets, net of accumulated depreciation (NOTE 4)	<u>333,368</u>
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Total noncurrent assets	<u>333,368</u>
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Total assets	<u>4,577,139</u>
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The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET ASSETS, CONTINUED  
DECEMBER 31, 2011**

---

**LIABILITIES**

Current Liabilities:

Accounts payable and accrued expenses	\$ 472,941
Supreme court funds	8,025
Salaries and benefits payable	94,240
Compensated absences	<u>12,682</u>

Total current liabilities 587,888

Noncurrent liabilities:

Retirement escrow (NOTE 11)	2,130
Unfunded postemployment benefits (NOTES 10 and 11)	<u>621,521</u>

Total noncurrent liabilities 623,651

Total liabilities 1,211,539

**NET ASSETS**

Invested in capital assets (NOTE 4)	333,368
Unrestricted	<u>3,032,232</u>

Total net assets \$3,365,600

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Civil District Court	\$4,716,237	\$4,597,414	\$34,591	\$ (84,232)
First City Court	2,623,155	1,905,456	-0-	(717,699)
Second City Court	594,215	227,798	-0-	(366,417)
Domestic support	<u>825,756</u>	<u>151,847</u>	<u>-0-</u>	<u>(673,909)</u>
Total	<u>\$8,759,363</u>	<u>\$6,882,515</u>	<u>\$34,591</u>	<u>(1,842,257)</u>
General Revenues:				
Interest income				172,521
Other income				<u>1,694,101</u>
Total general revenues				<u>1,866,622</u>
Change in net assets				24,365
Net assets, beginning of the year				<u>3,341,235</u>
Net assets, end of the year				<u>\$ 3,365,600</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
BALANCE SHEET- GOVERNMENTAL FUND  
DECEMBER 31, 2011**

---

**ASSETS**

Cash and temporary cash investments	\$2,591,646
Accounts receivable	256,802
Interest receivable	169,729
Prepaid items	81,599
Clerk's Benefit Fund receivable	79,338
Clerk's Salary Fund receivable	<u>1,064,657</u>
Total assets	<u>4,243,771</u>

**LIABILITIES**

Accounts payable	429,863
Accrued expenses payable	43,078
Supreme Court funds payable	8,025
Salaries and benefits payable	94,240
Compensated absences payable	<u>12,682</u>
Total liabilities	<u>587,888</u>

**FUND BALANCE**

Unassigned fund balance	3,240,916
Unspendable fund balance	<u>414,967</u>
Total fund balance	<u>3,655,883</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund at the fund level.	333,368
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund at the fund level.	<u>(623,651)</u>
Net assets	<u>\$3,365,600</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

**REVENUES**

Filing fees, net	\$6,730,668
Remote access fees	209,489
Interest income	172,521
Grant income	34,591
Domestic support	151,847
Other income	<u>1,484,612</u>

Total revenues	<u>8,783,728</u>
----------------	------------------

**EXPENDITURES**

**Direct:**

Salaries	5,354,308
Employee benefits	2,056,002
Court stenographer and interpreter fees	<u>3,207</u>

Total direct expenditures	<u>7,413,517</u>
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**Indirect:**

Books, printing and copying	158,639
Building and personnel security	146,603
Communication	222,126
Facilities	82,922
Furniture and equipment maintenance	189,319
Insurance	87,301
Office supplies and expenditures	116,128
Postage and courier	31,150
Professional services	101,293
Other expenditures	<u>15,365</u>

Page total	<u>1,150,846</u>
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The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

EXPENDITURES, CONTINUED

Indirect, Continued:

Professional education and dues	\$ 47,450
Capital expenditures	<u>258,828</u>
Total indirect expenditures	<u>1,457,124</u>
Total expenditures	<u>8,870,641</u>
Change in fund balance	(86,913)
Fund balance, beginning of the year, as restated	<u>3,742,796</u>
Fund balance, end of year	<u>\$3,655,883</u>

The accompanying notes are an integral part of the financial statements.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Change in fund balance	\$ (86,913)
------------------------	-------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net of retirements exceed accumulated depreciation in the current period.	<u>111,278</u>
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Change in net assets	\$ <u>24,365</u>
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The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2011**

	<u>CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS</u>		<u>CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS</u>	
	<u>REGISTRY OF COURT FUND</u>	<u>GARNISHMENT DEPOSIT FUND</u>	<u>REGISTRY OF COURT FUND</u>	<u>GARNISHMENT DEPOSIT FUND</u>
<b>Assets:</b>				
Cash	\$70,109	\$34,772	\$269,478	\$460,012
Due from Registry of Court Fund	<u>-0-</u>	<u>1,290</u>	<u>-0-</u>	<u>-0-</u>
Total assets	<u>70,109</u>	<u>36,062</u>	<u>269,478</u>	<u>460,012</u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Due to Judicial Expense Fund	30,270	-0-	-0-	-0-
Due to Garnishment Deposit Fund	1,290	-0-	-0-	-0-
Due to Capital Improvement Fund	21	32	-0-	-0-
Due to Constable	40	-0-	-0-	-0-
Undistributed interest	-0-	-0-	13,144	123,928
Unsettled deposits	38,488	36,030	-0-	-0-
Due to litigants	<u>-0-</u>	<u>-0-</u>	<u>256,334</u>	<u>336,084</u>
Total liabilities	<u>70,109</u>	<u>36,062</u>	<u>269,478</u>	<u>460,012</u>
Net assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2011**

---

	<b>CLERK OF CIVIL DISTRICT CITY COURT FOR THE PARISH OF ORLEANS</b>		
	<b>REGISTRY/ GARNISHMENT FUND</b>	<b>APPEALS FUND</b>	<b>TOTAL</b>
<b>Assets:</b>			
Cash and cash equivalents	\$28,997,028	\$1,342,489	\$30,339,517
Total assets	<u>28,997,028</u>	<u>1,342,489</u>	<u>30,339,517</u>
<b>Liabilities and Net Assets:</b>			
<b>Liabilities:</b>			
Escrow for pre 1990 litigation deposit	-0-	41,456	41,456
Deposits by litigants and interest credited	28,619,085	1,301,033	29,920,118
Due to Judicial Expense Fund	<u>169,238</u>	<u>-0-</u>	<u>169,238</u>
Total liabilities	<u>28,788,323</u>	<u>1,342,489</u>	<u>30,130,812</u>
<b>Net Assets:</b>			
Unreconciled cash	198,129	-0-	198,129
Undistributed funds	<u>10,576</u>	<u>-0-</u>	<u>10,576</u>
Net assets	<u>\$ 208,705</u>	<u>\$ -0-</u>	<u>\$ 208,705</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>CLERK OF THE SECOND CITY COURT OF THE CITY OF NEW ORLEANS</b>		<b>CLERK OF THE FIRST CITY COURT OF THE CITY OF NEW ORLEANS</b>	
	<b>REGISTRY OF COURT FUND</b>	<b>GARNISHMENT DEPOSIT FUND</b>	<b>REGISTRY OF COURT FUND</b>	<b>GARNISHMENT DEPOSIT FUND</b>
<b>Additions</b>				
Court costs, charges and fees collected	\$273,325	\$ -0-	\$ -0-	\$ -0-
Less: court costs, charges and fees refunded	(5,679)	-0-	-0-	-0-
Constable and transcript fees collected	1,092	-0-	-0-	-0-
Garnishment deposits	1,290	1,290	-0-	-0-
Interest earnings	21	32	422	680
Collections on behalf of litigants or upon court order	<u>19,918</u>	<u>-0-</u>	<u>60,866</u>	<u>12,404</u>
Total additions	<u>289,967</u>	<u>1,322</u>	<u>61,288</u>	<u>13,084</u>
<b>Reductions</b>				
Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	262,025	-0-	-0-	-0-
Constable and transcript fees paid	1,052	-0-	-0-	-0-
Garnishment deposits distributed to the Garnishment Deposit Fund	3,000	-0-	-0-	-0-
Payments to litigants or per court order	10,424	-0-	88,146	2,655
Interest earnings distributed to the Capital Improvements Fund	96	161	-0-	-0-
Garnishment deposits, distributions to respondents and refunds	-0-	220	-0-	-0-
Bank charges	-0-	-0-	76	76
Transfers to Capital Improvement Fund	-0-	-0-	430	680
Other reductions	<u>50</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total reductions	<u>276,647</u>	<u>381</u>	<u>88,652</u>	<u>3,411</u>
Increase (decrease)	13,320	941	(27,364)	9,673
Total liabilities, beginning of year	<u>56,789</u>	<u>35,121</u>	<u>296,842</u>	<u>450,339</u>
Total liabilities, end of year	<u>\$ 70,109</u>	<u>\$36,062</u>	<u>\$269,478</u>	<u>\$460,012</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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	<b>CLERK OF CIVIL DISTRICT CITY COURT FOR THE PARISH OF ORLEANS</b>		
	<b>REGISTRY/ GARNISHMENT FUND</b>	<b>APPEALS FUND</b>	<b>TOTAL</b>
<b><u>Additions</u></b>			
Interest earnings	\$338,477	\$ -0-	\$338,477
Adjustment for unreconciled cash	<u>198,129</u>	<u>-0-</u>	<u>198,129</u>
Total additions	<u>536,606</u>	<u>-0-</u>	<u>536,606</u>
<b><u>Reductions</u></b>			
Transfer to Judicial Expense Fund	169,238	-0-	169,238
Transfers to Registry Fund	<u>169,239</u>	<u>-0-</u>	<u>169,239</u>
Total reductions	<u>338,477</u>	<u>-0-</u>	<u>338,477</u>
Increase	198,129	-0-	129,129
Net assets, beginning of year	<u>10,576</u>	<u>-0-</u>	<u>10,576</u>
Net assets, end of year	<u>\$208,705</u>	<u>\$ -0-</u>	<u>\$208,705</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

---

NOTE 1 - Summary of Significant Accounting Policies :

Background

**The Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the Judicial Expense Fund)** is designated by LSA-R.S. 13:1312 as the managing entity for fiscal operations of the Clerks of the First and Second City Courts of the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *En Banc* as set forth in LSA-R.S. 13:1312, have sole responsibility and oversight for **the Judicial Expense Fund**. This responsibility and oversight includes control over all revenues deposited into **the Judicial Expense Fund** by the aforementioned courts and offices, all disbursements made by **the Judicial Expense Fund**, the setting of all fees charged by the courts and offices comprising **the Judicial Expense Fund**, and the determination of expenses related to the operations of such courts and offices.

The accounting policies of **the Judicial Expense Fund** conform to accounting principles generally accepted in the United States of America as applicable to governmental agencies. The following is a summary of the more significant accounting policies.

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, (GASB No. 14) as subsequently amended by (GASB No. 39) *The Financial Reporting Entity*, established standards for defining and reporting on the financial entity. GASB No. 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

The Financial Reporting Entity, Continued

On June 23, 2006, the Louisiana State Legislature enacted Act 621 of the Louisiana 2006 regular session to create the 41<sup>st</sup> **Judicial District Court**. Included in the provisions for the Act was the collection and allocation of fees to **the Judicial Expense Fund** and the Clerk of the Civil District Court's Salary Fund. Specifically, the Act provides for the collection of fees and the deposit of a minimum of fifty (50%) percent of those funds in the Clerk of the Civil District Court and balance with **the Judicial Expense Fund**.

Management of **the Judicial Expense Fund** has determined that the Clerk of Civil Court - Salary Fund is not a component unit of **the Judicial Expense Fund** because in management's opinion, it is a separately elected governing body; legally separate and is fiscally independent of **the Judicial Expense Fund**.

As previously discussed, state statute established **the Judicial Expense Fund** as the managing entity for fiscal operations of **the Judicial Expense Fund** which is separate and independent of any other governmental "reporting entity" as defined by GASB Nos. 14 and 39.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

The Financial Reporting Entity, Continued

In addition, **the Judicial Expense Fund** is financially independent of other governments. Although **the Judicial Expense Fund** conducts its business from a building provided by the City of New Orleans, as discussed in NOTE 4, this support is considered incidental in relation to **the Judicial Expense Fund's** total revenues and expenditures, and in view of the additions and improvements made to this building by **the Judicial Expense Fund** from its operating revenues over the term of its occupancy, which total in excess of \$4,195,182 for 2011.

Accordingly, management has concluded that **the Judicial Expense Fund** is the financial reporting entity within the meaning of the provisions of GASB Nos. 14 and 39.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of **the Judicial Expense Fund**. **The Judicial Expense Fund** is considered to be a governmental activity of a special-purpose government.

**The Judicial Expense Fund's** Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in expenses reported by function. Program revenues include filing and remote access fees and operating grants.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Government-Wide and Fund Financial Statements, Continued

Separate financial statements are provided for **the Judicial Expense Fund's** governmental fund. **The Judicial Expense Fund's** government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, **the Judicial Expense Fund** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**The Judicial Expense Fund** reports its governmental fund as follows:

General Fund

The General Fund is used to account for all financial resources of **the Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

General Fund, Continued

The operations of the General Fund are comprised of the General Fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of the Clerks of the Civil District Court, First City Court, and Second City Court.

Pursuant to the requirements of GASB No. 54, (Fund Balance Reporting and Governmental Fund type definitions) fund balance is reported as nonspendable and unassigned. The nonspendable classification is associated with amounts considered nonspendable such as capital assets, prepaid assets, etc. The unassigned classification represent amounts not restricted or committed.

Salaries of the judges of the Civil District Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of **the Judicial Expense Fund**.

The judges receive no compensation for serving in their capacity as Judges *En Banc* of **the Judicial Expense Fund** for the Parish of Orleans.

Additionally, **the Judicial Expense Fund** has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and **the Judicial Expense Fund** (pursuant to LSA-R.S. 13:2152). For the year ended December 31, 2011, **the Judicial Expense Fund** paid \$93,283 each to four (4) City Judges. The total paid for all city court judges salaries was \$373,132.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Capital Assets

**The Judicial Expense Fund's** capitalization policy requires that all single assets costing \$1,500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$1,500 are expensed. All assets regardless of cost, are tracked. The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the quarter in which the capital asset is purchased. Leasehold improvements are amortized over the lesser of their useful lives or lease period. Based on its own experience, **the Judicial Expense Fund** established the following estimated useful lives for each asset class:

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Computer Equipment	5
Computer Software	5
Office Equipment	5
Furniture and Fixtures	10
Leasehold Improvements	3

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**JUDICIAL EXPENSE FUND  
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CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies , Continued:

Budgets and Budgetary Accounting

The Judges *En Banc* at a public meeting on December 7, 2010, adopted a budget for the fiscal year ending December 31, 2011. The Judges *En Banc* at a public meeting on December 6, 2011, adopted a budget for the fiscal year ending December 31, 2012.

Compensated Absences

Employees who work in the offices of the Clerk of First City Court earn vacation and personal leave on the anniversary of their employment date. At year end there were employees who had earned accrued leave that was unpaid at December 31, 2011. This accrued leave will be paid within the next year. Accrued leave earned but unused by those employees at December 31, 2011 has been included in the accompanying financial statements.

Professional Education and Dues

It is **the Judicial Expense Fund's** policy to limit expenses by each division of the Court for additional operating expenses. Such expenses may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by **the Judicial Expense Fund** as to the purpose for which these expenses may be used and only for such expenses supported by proper documentation.

The specific guidelines established by **the Judicial Expense Fund** permit use of such amounts for expenses directly associated with or incidental to legal or judicial matters and functions. These expenses are included in the General Fund of the accompanying financial statements of **the Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND  
FOR THE  
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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Governmental Accounting Standards Board (GASB) Nos. 25 and 27

In November, 1994 the GASB issued Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As such, **the Judicial Expense Fund's** financial statements reflect the disclosure requirements of GASB Nos. 25 and 27.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**JUDICIAL EXPENSE FUND  
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CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Cash and Temporary Cash Investments:**

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments with maturities of three months or less.

At December 31, 2011, the carrying amounts of **the Judicial Expense Fund's** deposits were \$2,591,646 and the bank balance was \$2,597,699. Of these amounts, \$250,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of **the Judicial Expense Fund** and the financial institution and held in safekeeping by the Federal Reserve Bank of Boston and JP Morgan Chase.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **the Judicial Expense Fund's** deposits may not be returned to it. **The Judicial Expense Fund** has a deposit policy for custodial credit risk. Nevertheless, none of **the Judicial Expense Fund's** bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of **the Judicial Expense Fund** and the financial institution and were held in safekeeping by the Federal Reserve Bank of Boston.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

Deposits in excess of FDIC insurance were collateralized by the securities previously described.



**JUDICIAL EXPENSE FUND  
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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans:

Plan Description

**The Judicial Expense Fund** does not maintain a separate pension plan for its employees. However, its employees are eligible to participate in various multiple-employer (cost-sharing) defined benefit plans provided by the state or city governments and substantially all of **the Judicial Expense Fund's** employees are covered by one of the available plans.

The respective plan benefits provisions are established and amended under the following statutes:

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1501-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184

Generally, eligibility to participate in one of the plans commences with full-time permanent employment and, in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years and, in some instances, may require attainment of a minimum age.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

Annual retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances, the resulting amount may be increased by a fixed amount. In most cases, annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained via contact as follows:

**Louisiana State Employees' Retirement System**

8401 United Plaza Blvd.  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 922-0614  
Website: [www.lasers.state.la.us](http://www.lasers.state.la.us)

**Louisiana Clerks' of Court Retirement and Relief Fund**

11745 Bricksome Avenue -- Suite B-1  
Baton Rouge, LA 70816  
Telephone: (800) 256-6660  
Fax: (225) 291-7424  
Website: [www.laclerksofcourt.org](http://www.laclerksofcourt.org)

**Louisiana Sheriffs' Pension and Relief Fund**

1225 Nicholson Drive  
Baton Rouge, LA 70802-7537  
Telephone: (225) 219-0500  
Fax: (225) 219-0521  
Website: [www.lsprf.com](http://www.lsprf.com)

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans, Continued:

Funding Policy

Under the terms of the various plans, employees contribute a specified percentage of their gross earnings and the **Judicial Expense Fund** also contributes a specified percentage.

Those plans in which the employees of the **Judicial Expense Fund** participate and the specified contribution percentages at December 31, 2011 are as follows:

	<u>Period</u>	<u>Employee</u> Contribution Percentages (%)	<u>Employer</u> (%)
Louisiana State Employees' Retirement System (LASERS)-Employees	01/01-06/30	7.50	22.60
Employees hired after 7/1/06	07/01-12/31	7.50	25.60
	07/01-12/31	8.00	22.00
	01/01-06/30	8.00	25.60
Louisiana State Employees' Retirement System (LASERS) - Judges	01/01-06/30	11.50	22.00
	07/01-12/31	11.50	31.60
Judges hired in 2010	01/01-06/30	13.00	22.00
Judges hired in 2010	07/01-12/31	13.00	20.20
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	01/01-06/30	8.25	17.25
	07/01-12/31	8.25	17.25
Louisiana Sheriffs' Pension and Relief Fund (LSPRF)	01/01-06/30	10.00	12.00
	07/01-12/31	10.00	12.50

**JUDICIAL EXPENSE FUND  
FOR THE  
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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the year ended 2011 amounted to:

LASERS Judges hired before 2010	31.60%
LASERS Judges hired 2010	20.20%
LASERS all others	25.60%
Clerks	17.25%
Sheriffs	12.50%

Benefits granted by the retirement systems are guaranteed by the State of Louisiana. **The Judicial Expense Fund** does not guarantee the benefits granted by the retirement systems.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

The total payroll of the **Judicial Expense Fund** for 2011 amounted to \$5,037,495. **The Judicial Expense Fund's** contributions to the retirement system and the total covered payrolls by each retirement system are as follows:

	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>Total</u>
Total payroll covered	\$ <u>2,504,338</u>	\$ <u>1,857,070</u>	\$ <u>676,087</u>	\$ <u>5,037,495</u>
Employer contribution	\$ <u>603,208</u>	\$ <u>320,346</u>	\$ <u>82,844</u>	\$ <u>1,006,398</u>
Aggregate pension costs	\$ <u>813,044</u>	\$ <u>454,474</u>	\$ <u>150,455</u>	\$ <u>1,417,972</u>

Aggregate pension costs for the year ended December 31, 2011 was \$1,417,972. For 2011, actual contributions from **the Judicial Expense Fund** to each of the three pension plans were 100% of the required contributions.

In accordance with LSA-R.S. 11:1563, if at any time monies in the State Fund are not sufficient to pay each retiree and beneficiary, the full amount to which he/she is entitled, equal percentages of the full amount shall be paid to each retiree and beneficiary until the fund is replenished so as to warrant resumption of the payment of the full amount to each retiree and beneficiary.

**JUDICIAL EXPENSE FUND  
FOR THE  
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NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Net:**

The following is a summary of capital assets for the year ended December 31, 2011:

	Balance January 1, <u>2011</u>	<u>Additions</u>	Retirements/ <u>Transfer</u>	Balance December 31, <u>2011</u>
Computer equipment	\$ 1,416,279	\$ 200,284	\$ (56,015)	\$ 1,560,548
Computer software	1,609,704	55,220	(-0-)	1,664,924
Office equipment	182,198	3,325	(13,811)	171,712
Furniture and fixtures	137,514	-0-	(65,318)	72,196
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>(-0-)</u>	<u>19,685</u>
	3,365,380	258,829	(135,144)	3,489,065
Less: accumulated depreciation	<u>(3,094,813)</u>	<u>(147,551)</u>	<u>86,667</u>	<u>(3,155,697)</u>
Net	\$ <u>270,567</u>	\$ <u>111,278</u>	\$ <u>(48,477)</u>	\$ <u>333,368</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Capital Assets, Net, Continued:

Depreciation expense charged to each function for the year ended December 31, 2011 is as follows:

Civil District Court	\$100,777
First City Court	41,757
Second City Court	<u>5,017</u>
Total	<u>\$147,551</u>

An analysis of changes in accumulated depreciation and amortization by asset classification for the year ended December 31, 2011 is as follows:

	Balance <u>January 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31, 2011</u>
Computer equipment	\$1,258,771	\$ 87,451	\$(42,477)	\$1,303,745
Computer software	1,570,864	45,756	(-0-)	1,616,620
Office equipment	147,125	12,724	(11,980)	147,869
Furniture and fixtures	98,368	1,620	(32,210)	67,778
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>(-0-)</u>	<u>19,685</u>
Total	<u>\$3,094,813</u>	<u>\$147,551</u>	<u>\$(86,667)</u>	<u>\$3,155,697</u>

The building, which **the Judicial Expense Fund** occupies and uses to conduct its operations is owned by the City of New Orleans. Although **the Judicial Expense Fund** does not pay rent to the City, **the Judicial Expense Fund** has made additions and improvements to the building during its term of occupancy.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - Capital Assets, Net, Continued:

These additions and improvements are not included in the capital assets since **the Judicial Expense Fund** does not own the building. Such building additions and improvements funded from operations of **the Judicial Expense Fund** over its term of occupancy amount to \$4,195,182 through December 31, 2011. Building additions and improvements made for the year ended December 31, 2011 amounted to \$82,922 are included in the accompanying financial statements of **the Judicial Expense Fund**.

NOTE 5 - Commitments:

Pursuant to LSA-R.S. 11:1371, **the Judicial Expense Fund** is required to make monthly payments to the widow of a former Civil Court judge who served from 1949 until his death in 1970 and was not a member of the judges' retirement system. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$7,200 for 2011, and are reflected as an expense in the accompanying financial statements of **the Judicial Expense Fund**.

NOTE 6 - Registry of Court Funds:

The Clerks of Civil District Court, First City Court and Second City Court each maintain a Registry of Court fund.

Parties to litigation in these courts may deposit, or be ordered to deposit, cash or property into these funds in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to them or such other parties as the court may direct upon the conclusion of the litigation.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 6 - Registry of Court Funds, Continued:

The Clerk of Civil District Court, the Clerk of First City Court and the Clerk of Second City Court are the custodians of the Registry of Court fund for each respective court. The Clerks generally may only accept deposits into or disburse funds from the Registry of Court fund by order of the respective court.

These funds are subject to an annual audit by independent auditors who issue a separate report thereon.

With respect to the Registry of Court funds of the Civil District Court, LSA-R.S. 13:1305 authorizes the investment of these funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to **the Judicial Expense Fund** as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to **the Judicial Expense Fund** at December 31, 2011 amounted to \$169,729 are included in the accompanying financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 7 - Operating Leases:

**The Judicial Expense Fund** is committed under various leases for office equipment and storage which expire in varying periods through 2015. The leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2011 was \$207,571.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2012	\$ 75,483
2013	68,285
2014	47,010
2015	<u>16,793</u>
Total	<u>\$207,571</u>

NOTE 8 - Risk Management:

**The Judicial Expense Fund** is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets for which **the Judicial Expense Fund** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

For the year ended December 31, 2011, no insurance settlements exceeded the amount of insurance coverage.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 9 - Concentration of Credit Risk:

**The Judicial Expense Fund's** principal source of revenues consists mainly of filing fees. If the amount of fees received falls below budgeted levels, **the Judicial Expense Fund's** operating results could be adversely affected.

NOTE 10 - Postemployment Retirement Benefits:

Plan Description

Employees of **the Judicial Expense Fund** may voluntarily participate in the State of Louisiana's health insurance plan as provided by LSA-R.S. 17:1223 which is administered by the Office of Group Benefits. Those employees of **the Judicial Expense Fund** who are plan members become eligible for postemployment medical and life insurance benefits if they reach normal retirement age while working for **the Judicial Expense Fund**. Currently, **the Judicial Expense Fund** provides postemployment benefits for retired employees. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits  
State of Louisiana  
P. O. Box 44036  
Baton Rouge, Louisiana 70804  
Phone: (800) 215-1093  
Website: [www.groupbenefits.org](http://www.groupbenefits.org)

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Funding Policy

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2003, **the Judicial Expense Fund** recognized the cost of providing these benefits (**the Judicial Expense Fund's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB No. 45), prospectively in 2004 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2011 **the Judicial Expense Fund's** portion of health care, dental and life insurance benefit premiums for both active and retired employees totaled \$419,306.

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, in 2011 the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$126 for a single retiree in the HMO plan to \$502 for a family in the EPO plan. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

**The Judicial Expense Fund's** annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. **The Judicial Expense Fund's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for 2011 was \$398,456, none of which was funded because no trust had not been established.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Annual Postemployment Benefits Cost and Net  
Postemployment Benefits Liability

The following table shows the **Judicial Expense Fund's** annual postemployment benefits for 2011 and changes in the Unfunded Postemployment Benefits liability.

Normal cost	\$ 213,601
30-year actuarial accrued liability amortization of medical and life insurance	<u>184,855</u>
Annual required contribution	\$ <u>398,456</u>
Annual Postemployment Benefits expense	\$ 307,796
Payments of Retiree Premiums	<u>(419,306)</u>
Decrease in Unfunded Postemployment Benefits liability	(111,510)
Unfunded Postemployment Benefits Liability-January 1, 2011	<u>733,031</u>
Unfunded Postemployment Benefits Liability-December 31, 2011	\$ <u>621,521</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Annual Postemployment Benefits Cost and Net  
Postemployment Benefits Liability, Continued

The following table shows **the Judicial Expense Fund's** annual postemployment benefits cost, percentage of that cost contributed, and the net Unfunded Postemployment Benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Postemployment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Postemployment Benefits Liability</u>
12/31/04	\$426,186	80.4%	\$ 83,524
12/31/05	\$426,186	80.4%	83,524
12/31/06	\$426,186	80.4%	83,523
12/31/07	\$426,186	85.5%	60,534
12/31/08	\$545,192	77.3%	132,501
Adjustment	N/A	N/A	181,296
12/31/09	N/A	91.2%	44,955
12/31/10	\$545,916	88.4%	63,174
12/31/11	\$307,796	136.2%	<u>(111,510)</u>
Total			\$ <u>621,521</u>

Funded Status and Funding Progress

In 2011 **the Judicial Expense Fund** made no contributions to a postemployment benefits plan trust since such a trust had not been established; the plan was not funded at all, has no assets, and hence has a funded ratio of zero. Based on the most recently prepared actuarial valuation report, (2009), the actuarial accrued liability at December 31, 2011 was \$5,790,555, which is defined as that portion, as determined by a particular actuarial cost method (**the Judicial Expense Fund** uses the Unit Credit Cost method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost (i.e., the cost of the actuarial present value of postemployment benefits for *active* employees from their hire date through December 31, 2011, and for *retired* employees from their hire date through their date of retirement). Since the plan was not funded in 2011, the entire actuarial accrued liability of \$5,790,555 was unfunded.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Post Employment Retirement Benefits, Continued:

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by **the Judicial Expense Fund** and its employee plan members) at the time of the valuation and on the pattern of sharing costs between **the Judicial Expense Fund** and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between **the Judicial Expense Fund** and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Actuarial Methods and Assumptions, Continued

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid. The Office of Group Benefits' "Official Schedule of Rates", effective July 1, 2006, has been used for this purpose. It has been assumed that enrollees will retain the same coverage levels after retirement as before.

Actuarial Cost Method

The annual required contributions are determined using the Unit Credit Cost method, a method under which the benefits of each individual in an actuarial valuation are allocated by a consistent formula to valuation years, and actuarial gains or losses reduce or increase the unfunded actuarial accrued liability as they occur. The employer portion of the premiums for retiree medical care in each future year is determined by projecting the current premium levels using the health care cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover rates.

Actuarial Value of Plan Assets

**The Judicial Expense Fund's** valuation of actuarial assets is based on Actuarial Standards Board Actuarial Standard of Practice No. 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to postemployment benefit plans and generally requires valuing dedicated plan assets using a method that takes into account market value.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Turnover Rate

The following service-related turnover scale is used;

<u>Years of Service</u>	<u>Percent Turnover (%)</u>
0-5	30
5-6	20
7-8	16
8-9	13
9-10	10
10 and over	4

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is three years later than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

30 years of service credit at any age; or  
25 years of service credit at age 55; or  
10 years of service credit at age 60.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Postemployment Retirement Benefits, Continued:

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in *National Health Care Expenditures Projections: 2004 to 2013*, Table 3: National Health Expenditures Aggregate and Per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2005 by the Health Care Financing Administration. "State and Local" rates for 2006 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later, as set forth below:

<u>Calendar Year</u>	<u>Increase from Previous Year</u>
2006	8.0%
2007	8.2%
2008	8.1%
2009	8.0%
2010	7.9%
2011	7.8%
2012	7.7%
2013	7.6%
2014	6.7%
2015	6.0%
2016 and later	5.0%

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 10 - Postemployment Retirement Benefits, Continued:

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Investment Return Assumption (Discount Rate) and Inflation Rate

GASB Statement No. 45 states that the investment return assumption should be the estimated long-term investment yield on investments that are expected to be used to finance the payment of benefits. Since it is anticipated that the annual required contribution will be funded, a 4% annual investment return is assumed in the actuarial valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio. An explicit rate of inflation is not included in either the investment return or the healthcare cost trend, but, rather, is implicitly included and is presumed to be the same for each.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and 10 years for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 11 - Changes in Noncurrent Liabilities:**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2011:

	<u>Other Liabilities</u>	<u>Postemployment Benefits</u>	<u>Total</u>
Beginning of year	\$ 8,502	\$ 733,031	\$ 741,533
Additions	825	307,796	308,621
Retirements	<u>(7,197)</u>	<u>(419,306)</u>	<u>(426,503)</u>
End of year	<u>\$ 2,130</u>	<u>\$ 621,521</u>	<u>\$ 623,651</u>

Of the total noncurrent liabilities at December 31, 2011, \$-0- are due within one year of December 31, 2011.

**NOTE 12 - Contingencies:**

**The Judicial Expense Fund** is named in various suits. It is counsel's opinion at December 31, 2011 and June 8, 2012 of outcomes favorable to the **Judicial Expense Fund**.

**NOTE 13 - Payments to the Clerk of Civil District Court Operational Fund:**

Act 621 passed by the Legislature and signed by the Governor of the State of Louisiana on June 23, 2006 required the deposit of no less than fifty percent of the filing fees collected pursuant to Louisiana revised statute 13:1213.1 in the Clerk's operational fund.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

NOTE 14 - Intergovernmental Memorandum of Understanding:

During the year ended December 31, 2010, **the Judicial Expense Fund** and the Clerk of Civil District revised its executed Memorandum of Understanding. The revised provisions of the memorandum seek to facilitate the continued efficient and effective delivery of services to the benefit of the Citizenry of the Parish of Orleans.

NOTE 15 - Consolidation of Offices and Courts Mandated by Act No. 621:

On August 26, 2011, the Louisiana Attorney General issued an opinion (opinion 11-0040) regarding several aspects of the consolidation as provided for by Act No. 621.

Based on that opinion, the accompanying financial statements include the impact of capital assets transfer to the Clerk of the Civil District Court (see NOTE 4).

The Judges *En Banc* continue to discuss the implications of the referenced opinion.

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**SCHEDULE OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Domestic Support</u>	<u>Total</u>
<b>REVENUES</b>					
Filing fees (+)	\$ 4,597,414	\$1,905,456	\$227,798	\$151,847	\$6,882,515
Remote access fees	143,082	59,285	7,122	-0-	209,489
Interest income	117,832	48,823	5,866	-0-	172,521
Grant income (*)	34,591	-0-	-0-	-0-	34,591
Other income	<u>1,027,151</u>	<u>408,115</u>	<u>49,346</u>	<u>-0-</u>	<u>1,484,612</u>
Total revenues	<u>5,920,070</u>	<u>2,421,679</u>	<u>290,132</u>	<u>151,847</u>	<u>8,783,728</u>
<b>DIRECT EXPENSES</b>					
Salaries	2,768,978	1,636,090	332,711	616,529	5,354,308
Employee benefits	1,064,115	594,761	188,049	209,077	2,056,002
Court reporters and interpreters	<u>3,097</u>	<u>110</u>	<u>-0-</u>	<u>-0-</u>	<u>3,207</u>
Total direct expenses	<u>3,836,190</u>	<u>2,230,961</u>	<u>520,760</u>	<u>825,606</u>	<u>7,413,517</u>

\* Grant income = domestic violence  
+ Filing fees reported net of clerk's share

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**SCHEDULE OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Domestic Support</u>	<u>Total</u>
<b>INDIRECT EXPENSES</b>					
Books, printing and copying	\$ 90,680	\$ 54,690	\$ 13,119	\$ 150	\$ 158,639
Building and personnel security	100,129	41,489	4,985	-0-	146,603
Communication	165,009	44,633	12,484	-0-	222,126
Depreciation	100,808	41,788	4,955	-0-	147,551
Facilities	39,144	39,635	4,143	-0-	82,922
Furniture, equipment and maintenance	127,771	55,129	6,419	-0-	189,319
Insurance	61,259	22,471	3,571	-0-	87,301
Office supplies and expenses	79,015	31,918	5,195	-0-	116,128
Postage and couriers	17,734	11,097	2,319	-0-	31,150
Professional education and dues	33,941	12,912	596	-0-	47,449
Professional services	63,253	31,806	6,234	-0-	101,293
Other expenses	<u>1,304</u>	<u>4,626</u>	<u>9,435</u>	<u>-0-</u>	<u>15,365</u>
Total indirect expenses	<u>880,047</u>	<u>392,194</u>	<u>73,455</u>	<u>150</u>	<u>1,345,846</u>
Total expenses	<u>4,716,237</u>	<u>2,623,155</u>	<u>594,215</u>	<u>825,756</u>	<u>8,759,363</u>
Excess revenues (expenses)	<u>\$ 1,203,833</u>	<u>\$ (201,476)</u>	<u>\$(304,083)</u>	<u>\$(673,909)</u>	<u>\$ 24,365</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGETED AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)**

---

**REVENUES**

	<u>-----BUDGETED-----</u>			<u>VARIANCES</u> <u>(FAVORABLE)</u> <u>UNFAVORABLE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Filing fees, net	\$ 7,169,212	\$7,169,212	\$6,730,668	\$ 438,544
Remote access fees	180,880	180,880	209,489	(28,609)
Interest revenue	154,155	154,155	172,521	(18,366)
Other revenue	<u>1,733,177</u>	<u>1,733,177</u>	<u>1,671,050</u>	<u>62,127</u>
Total revenues	<u>9,237,424</u>	<u>9,237,424</u>	<u>8,783,728</u>	<u>453,696</u>

**DIRECT EXPENDITURES**

Salaries	5,397,163	5,397,163	5,354,308	(42,855)
Employee benefits	2,042,268	2,042,268	2,056,002	13,734
Court reporters and interpreters	16,856	16,856	3,248	(13,608)
Juror meals and transportation	<u>31,388</u>	<u>31,388</u>	<u>(41)</u>	<u>(31,429)</u>
Total direct expenditures	<u>7,487,675</u>	<u>7,487,675</u>	<u>7,413,517</u>	<u>(74,158)</u>

See Independent Auditors' Report on Supplementary Information.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGETED AND ACTUAL  
(NON-GAAP BUDGETARY BASIS), CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)**

**INDIRECT EXPENDITURES**

	<u>-----BUDGETED-----</u>		<u>ACTUAL</u>	<u>VARIANCES</u> <u>(FAVORABLE)</u> <u>UNFAVORABLE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Books, printing and copying	\$ 208,582	\$ 208,582	\$158,639	\$ (49,943)
Building and personnel				
security	146,690	146,690	146,603	(87)
Communication	179,486	179,486	222,126	42,640
Facilities	39,978	39,978	82,922	42,944
Furniture, equipment and				
maintenance	89,960	89,960	189,319	99,359
Insurance	93,452	93,452	87,301	(6,151)
Office supplies and expenditures	81,478	81,478	116,128	34,650
Postage and couriers	46,417	46,417	31,150	(15,267)
Professional education and dues	75,670	75,670	47,450	(28,220)
Professional services	149,452	149,452	101,293	(48,159)
Other expenditures	7,604	7,604	15,365	(7,761)
Capital expenditures	<u>400,000</u>	<u>400,000</u>	<u>258,828</u>	<u>(141,172)</u>
 Total indirect expenditures	 <u>1,518,769</u>	 <u>1,518,769</u>	 <u>1,457,123</u>	 <u>(61,645)</u>
 Total expenditures	 <u>9,006,444</u>	 <u>9,006,444</u>	 <u>8,870,641</u>	 <u>(135,803)</u>
Excess (deficiency) of revenues				
over expenditures before				
other sources (uses)	\$ <u>230,980</u>	\$ <u>230,980</u>	\$ <u>(86,913)</u>	\$ <u>(317,893)</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SCHEDULE OF BUDGETARY TO GAAP RECONCILIATION  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

---

The Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgeted and Actual presents comparison of **the Judicial Expense Fund's** legally adopted original budget and final (non-GAAP basis) with actual data on a budgetary basis. The accounting principles applied by **the Judicial Expense Fund** for the purposes of developing data for its budget differ from those used to present the basic financial statements (GAAP Basis).

A reconciliation of the previously described basis follows:

Excess of revenues over expenditures (budgetary basis)	\$ (86,913)
Adjustments:	
Capital expenditures	258,828
Amount by which capital outlays, net of retirements exceeds accumulated depreciation	<u>(147,551)</u>
Change in net assets	\$ <u>24,365</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO BUDGETARY DATA INFORMATION**

---

Preparation of the budget begins in the Fiscal Administration office of the Judicial Administrator. The Chief Accountant compiles actual historical financial information for the completed year(s) for each of the eleven departments comprising **the Judicial Expense Fund**. The Chief Judge writes a letter to the two parochial officials presenting this compiled information and asking for their input for an upcoming budget within four weeks.

The Chief Accountant and Judicial Administrator then prepare budgets for the remaining eight departments, as well as the budget for **the Judicial Expense Fund** as a whole.

In accordance with **the Judicial Expense Fund** and Performance Accountability Act of 1999, each year the Judges *En Banc* submit their strategic plan to improve performance to the Louisiana Supreme Court. **The Judicial Expense Fund** has actively participated in the Strategic Plan of the Trial Courts since 2000, and aspects of this plan are incorporated into the budget.

Upon completion, the entity-wide budget is presented to the Finance Committee of the Judges *En Banc*, for their review. Once the Finance Committee approves both an operating budget and capital expenditure budget they present their recommendation to the Judges *En Banc*. According to section LSA-R.S.39:1309 the budget is adopted at an open meeting during which the public is invited to comment.

The Fiscal Administration office monitors revenues and controls expenditures according to section 1311. If it becomes necessary to amend the budget, the Chief Accountant and the Judicial Administrator will prepare an amended budget and present it to the Finance Committee for approval. The Finance Committee will recommend an amended budget to the Judges *En Banc*, who will formally adopt the amended budget at an open meeting according to section LSA-R.S.39:1310.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**ACKNOWLEDGMENTS**

***REPORT PREPARED BY***

Anne Castjohn	- Chief Accountant
---------------	--------------------

***CHIEF JUDGE***

Rosemary Ledet	- Effective January 1, 2011
Piper D. Griffin	- Effective January 1, 2012

***JUDICIAL ADMINISTRATOR***

Traci Dias	- Judicial Administrator
------------	--------------------------

***FINANCIAL REPORTING SECTION***

Trina R. Lewis	- Accounts Payable
Tymetrius Jones	- Administrative Assistant
Andrea Johnson	- Staff Accountant

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**EXIT CONFERENCE**

---

An exit conference and other meetings were held with representatives of **the Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Judge Kern A. Reese	-- Chairperson Finance Committee
Judge Michael G. Bagneris	-- Judge
Traci Dias	-- Judicial Administrator
Anne Castjohn	-- Chief Accountant
Andrea Johnson	-- Staff Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Andoh, Sr., CPA, MBA, CGFM      -- Partner

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA**

**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

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Member  
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Society of Louisiana  
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Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts  
for the City of New Orleans  
New Orleans, Louisiana**

We have audited the financial statements of **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 8, 2012. Our report includes reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Other auditors audited the financial statements for Clerk of Civil District Court for the Parish of Orleans, Clerks of First and Second City Courts of the City of New Orleans, as described in our report on the financial statements of **the Judicial Expense Fund**. This report does not include the results of the other auditors' testing of internal control over financial reporting and/or compliance and other matters that are reported on separately by those auditors.



INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

Management of **the Judicial Expense Fund** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **the Judicial Expense Fund's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control over financial reporting. Accordingly, we do not express any opinion on the effectiveness of **the Judicial Expense Fund's** internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of **the Judicial Expense Fund's** financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted certain matters involving the internal control over financial reporting which we have reported to management of **the Judicial Expense Fund** in a separate letter dated June 8, 2012.

INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **the Judicial Expense Fund's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is solely intended for the information and use of the Honorable Judges, **the Judicial Expense Fund's** management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

June 8, 2012

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULES OF FINDING AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

**Section I - Summary of Auditors' Results**

***Financial Statement***

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
o Material weakness(es) identified.	No
o Significant deficiency(ies) identified.	None Reported
Noncompliance material to financial statements noted:	No

***Federal Awards***

Internal control over financial reporting:	
o Material weakness(es) identified.	Not Applicable
o Significant deficiency(ies) identified.	Not Applicable
Type of auditor's report issued on compliance for major programs.	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Not Applicable

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of major programs:	Not Applicable
-----------------------------------	----------------

Dollar threshold used to distinguish between type A and B programs	Not Applicable
---	----------------

Auditee qualified as low risk auditee?	Not Applicable
--	----------------

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011**

---

**Section II - Financial Statement Findings and Responses**

No financial statement findings were reported for the year ended December 31, 2011.

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings and questioned costs were reported for the year ended December 31, 2011.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**EXIT CONFERENCE**

---

An exit conference was held with representatives of **the Judicial Expense Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Judge Kern A. Reese	--	Chairperson Finance Committee
Judge Michael G. Bagneris	--	Judge
Traci Dias	--	Judicial Administrator
Anne Castjohn	--	Chief Accountant
Andrea Johnson	--	Staff Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Andoh, Sr., CPA, MBA, CGFM	--	Partner
------------------------------------	----	---------



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Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  
(Retired)  
Michael B. Bruno, CPA (2011)

## **INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL**

---

To the Judges *En Banc*  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts  
for the City of New Orleans**  
New Orleans, Louisiana

Management of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of as of and for the year ended December 31, 2011, we considered **the Judicial Expense Fund's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Judicial Expense Fund's** internal control.

During our audit, we became aware of other matters that provide an opportunity for **the Judicial Expense Fund** to strengthen its internal control and operating efficiency. Also, we discussed with management, the current status of prior year's other matters. We previously reported on **the Judicial Expense Fund's** internal control in our report dated June 8, 2012. This letter does not affect our report dated June 8, 2012 on the financial statements of **the Judicial Expense Fund**.

We will review the status of these matters during our next engagement. We have already discussed these other matters with **the Judicial Expense Fund's** personnel, and we will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

*Current Year's Other Matters*

2011

Our discussion of the current year's other matters follows:

**Reference Number**

OM - 2011-01

**Condition**

The **Judicial Expense Fund** does not have in place a formalized policy to ensure the continuous update of its existing policies and procedures to include the development and implementation of new policies and procedures when necessary.

**Recommendation**

Management should establish a formalized system to address the development and implementation of new to include the continuous update of its existing policies, procedures and practices.

**Management's Response and Corrective Action Plan**

Management will update its policies and procedures on an annual basis.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

*Current Year's Other Matters, Continued*

2011

**Reference Number**

OM - 2011-02

**Condition**

Our testing of thirty (30) cash disbursements to include payroll transactions revealed the following conditions:

- o In one (1) instance we noted no evidence to support the performance of clerical verification of a paid invoice.
- o In one (1) instance, the transaction was coded to an incorrect general ledger account.
- o In one (1) payroll transaction tested, we were unable to verify the employees documented election to participate or not participate in a benefit program.

**Recommendation**

Considering the size of the accounting department, management should continue to provide an enhanced level of oversight necessary to minimize, if not eliminate the referenced conditions.

**Management's Response and Corrective Action Plan**

Management will continue to provide the level of oversight necessary to address the referenced conditions.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

*Status of Prior Year's Other Matters*

*2010 and Prior*

Our discussion of the status of prior year's other matters follows:

**Reference Number**

OM 2010-01

**Condition**

Our review of internal controls over financial reporting revealed the following conditions:

- o Stale dated checks outstanding in excess of ninety days are not investigated or voided in a timely manner in accordance with **Judicial Expense Fund's** policy. Total amount of stale dated checks (operating and juror accounts) at December 31, 2010 was \$8,355.
- o We were unable to review for completeness, documentation to depict the tracking of accumulated leave balances and related activities as of and for the year ended December 31, 2010 for the Clerk of the First City Court.

**Recommendation**

Management should incorporate as a part of its supervisory review, compliance with the established policy of **Judicial Expense Fund**. Further all leave activity should be tracked in a manner to facilitate the accurate and completion recordation of the associated liability.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matters, Continued*

**2010 and Prior**

**Reference Number**

OM 2010-02

**Condition**

JEF has no formal wire transfer policy as a part of its cash disbursement activities.

We noted in one instance of twenty (20) disbursement transactions tested, where one authorized signature was secured in the electronic payment of a vendor contrary to the required two authorized signers as required by **Judicial Expense Fund's** disbursement policy.

**Recommendation**

We recommend the establishment of a wire transfer policy to support electronic payments to vendors.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matter, Continued*

**2010 and Prior**

**Reference Number**

OM 2009-01

**Condition**

Our review of the **Judicial Expense Fund's** internal control over financial reporting revealed the following conditions:

- o Journal entries prepared and posted for the month of September 2008 (month judgementally selected for testing) lacked evidence to support the performance of supervisory review and/or approval prior to input into **the Judicial Expense Fund's** general ledger.

Also, we noted the lack of supporting documentation to evidence the basis for certain journal entries prepared and posted by staff.

- o Three (3) of twelve (12) deposit transactions selected and reviewed lacked supporting documentation such as the "Payment Type Summary Report" which depicts the summary and detail by "SKU" of the daily cash collections.
- o The current accounting policies and procedural manual used by **the Judicial Expense Fund** does not reflect current practices and/or revised policies.
- o In twenty-one (21) instances of twenty-nine (29) cash disbursements vouched, we noted where invoices bear no evidence to support verification of its mathematical accuracy prior to payment.
- o For three (3) of four (4) personnel files reviewed, we noted the absence of U.S. Department of Justice Immigration Form 1-9 in one instance and incomplete Forms 1-9 (employer verification section) in the remaining two instances. Also, payroll and benefit deduction and pay rate authorizations were not available for our review.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

*Status of Prior Year's Other Matter, Continued*

**2010 and Prior**

**Reference Number, Continued**

OM 2009-01

**Condition, Continued**

- o All significant general ledger control accounts should be completely reconciled to their respective subsidiary ledgers to include resolution of differences, if any.
- o In an instance, the account distribution was incorrect based on nature of expense.

**Recommendation**

We recommended that all journal entries prepared should have the necessary and required supporting documents attached. Also, all journal entries should be reviewed and approved at a level above the preparer prior to input.

The current accounting policies and procedural manual should be updated to accommodate current practices and/or policies. Finally, all required personnel documents authorizing pay rates by management and deductions by respective employees should be filed in the respective personnel file.

Finally, all required personnel documents authorizing pay rates by management and deductions by respective employees should be filed in the respective personnel file.

**Current Status**

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

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**The Judicial Expense Fund's** response to other matters identified in our audit is described in the accompanying report on other matters related to internal control under the caption "Management's Response and Corrective Action Plan" and/or "Current Status". We did not audit **the Judicial Expense Fund's** response and, accordingly, we express no opinion on it.

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As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

This report is intended solely for the information of the management of **the Judicial Expense Fund**, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

June 8, 2012